

Message Text

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ACTION EA-09

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FM AMEMBASSY MANILA
TO SECSTATE WASHDC 9342
INFO AMEMBASSY BANGKOK
AMEMBASSY JAKARTA
AMEMBASSY KUALA LUMPUR
AMEMBASSY SINGAPORE
AMEMBASSY TOKYO
USEC BRUSSELS 312
USDEL MTN GENEVA
CINCPAC

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CINCPAC ALSO FOR POLAD

E.O. 11652: N/A

TAGS: EGEN, JA, RP

SUBJECT: MARCOS STATE VISIT TO JAPAN -- A BUSINESSMAN'S VIEW

SUMMARY: PRESIDENT MARCOS BROUGHT ALONG A LARGE 30-MAN
PHILIPPINE BUSINESS GROUP DURING HIS STATE VISIT TO JAPAN
ON APRIL 25 TO 28. ACCORDING TO A BANKER OF THE GROUP,
THE GOP WANTED THE BUSINESSMEN TO SUPPORT THE PRESIDENT'S
ECONOMIC REQUESTS OF THE GOJ WHICH THEY DID WITH VIGOR
AND FULL COOPERATION. A MODEST IMPACT WAS CLAIMED,
BUT THE LARGER DESIGN WAS TO EXCITE U.S. COMPETITION
FOR THE BOSOM OF ASEAN.

1. DAVID SYCIP, PRESIDENT OF RIZAL COMMERCIAL BANKING

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CORPORATION AND CHAIRMAN OF THE PHILIPPINE COUNCIL FOR
ECONOMIC DEVELOPMENT (CED), TOLD COMATT MAY 5 THAT 30
LEADING PHILIPPINE BUSINESSMEN FROM ALL MAIN SECTORS OF
THE ECONOMY ACCOMPANIED PRESIDENT MARCOS ON HIS APRIL
25-28 STATE VISIT TO JAPAN. IT WAS UNUSUAL FOR A
LARGE BUSINESS PARTY TO BE PART OF A STATE VISIT,
SYCIP ADMITTED, BUT THE PRESIDENT WANTED PHILIPPINE

BUSINESS PARTICIPATION TO SUPPORT HIS ECONOMIC REQUESTS OF THE JAPANESE GOVERNMENT AND ASKED HIS COMPATRIOTS TO MEET WITH THEIR JAPANESE COUNTER-PARTS.

2. THE VEHICLE FOR THE BUSINESS MEETING WAS THE PHILIPPINE/JAPANESE COMMITTEE FOR BUSINESS COOPERATION, WHOSE PHILIPPINE COMMITTEE IS HEADED BY AMBASSADOR (RETIRED) EMILIO ABELLO OF THE MANILA ELECTRIC CO. THE JAPANESE COMMITTEE IS HEADED BY KEICHIRO KITAURA, PRESIDENT OF NOMURA SECURITIES. RIZAL BANK, NOMURA AND OTHER PHILIPPINE AND JAPANESE BANKS ARE IN A JOINT VENTURE INVESTMENT HOUSE CALLED THE PHILIPPINE PACIFIC CAPITAL CORPORATION.

3. THIS BILATERAL COMMITTEE HAD JUST MET IN MANILA IN FEBRUARY, BUT THE FILIPINOS AGAIN PRESSED THEIR JAPANESE COUNTERPARTS TO BE MORE FORTHCOMING IN MEETING THEIR ECONOMIC DESIRES. ACCORDING TO SYCIP, THEY WANTED THE JAPANESE TO PURCHASE MORE FROM THE PHILIPPINES, AND HE REFERRED TO AMBASSADOR BENEDICTO'S COMPLAINT AT THE FEBRUARY MEETING THAT THE JAPANESE BUY THEIR SUGAR FROM AUSTRALIA ALTHOUGH THE PHILIPPINES ARE BUILDING FIVE SUGAR MILLS WITH JAPANESE EQUIPMENT. THE MESSAGE WAS SIMPLE AND DIRECT, "EITHER YOU BUY MORE FROM US, OR WE WON'T BE ABLE TO PAY BACK WHAT WE OWE YOU."

4. BESIDES TRADE, THE FILIPINOS ASKED THEIR JAPANESE LIMITED OFFICIAL USE

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COUNTERPARTS TO UNDERTAKE MORE PORTFOLIO INVESTMENT IN PHILIPPINE INDUSTRY AND BUSINESS. THEY ALSO WANTED THE JAPANESE TO PUT "A VISIBLE PRICE TAG" ON ANY TRANSFER OF TECHNOLOGY. SYCIP EXPLAINED AT LENGTH THE PHILIPPINE SUSPICION OVER EQUITY INVESTMENT WHICH PERMITS THE MULTINATIONALS TO PROFIT ENORMOUSLY THROUGH TRANSFER PRICING AND OTHER TECHNIQUES. THE PHILIPPINES THEREFORE WERE NOT AS INTERESTED IN "SUPPLY/OUTPUT" ARRANGEMENTS AS IN SIMPLE CAPITAL INFUSION.

5. ASKED WHAT WAS THE JAPANESE REACTION, SYCIP SAID THAT THEY WERE POLITE AND PROMISED "TO CONSIDER AND STUDY" THE PHILIPPINE PROPOSALS. HE SAID THAT HE EMPHASIZED TO THE JAPANESE THE ADVANTAGES OF SPECIAL PREFERENTIAL RELATIONS WITH ASEAN AND CLAIMED THAT THE IDEA WAS "SEEPING THROUGH." HE ADDED THAT THE JAPANESE WERE FLEXIBLE AND COULD ACT MORE EXPEDITIOUSLY THAN THE PONDEROUS USG MACHINERY, AND IT WAS HIS THEORY THAT ONCE THE

JAPANESE PLUNGED INTO ASEAN AND GOT AHEAD, THE UNITED
STATES -- TRUE TO ITS COMPETITIVE INSTINCT -- WOULD
FOLLOW SUIT IN RENEWING ITS INTEREST IN SOUTHEAST
ASIA.
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Message Attributes

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Copy: SINGLE
Sent Date: 05-May-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
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Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
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Disposition History: n/a
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TAGS: EGEN, BTRA, ETRD, JA, RP, (MARCOS, FERDINAND)
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